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Structural themes redux: the case for real assets looks even stronger

A few years ago, as we were building Salt's new global and diversified product offerings, we set out a framework describing the dominant economic forces likely to shape developed markets over the coming generation. The core conclusion was that the post-Global Financial Crisis environment, defined by persistently weak inflation, near-zero interest rates, and abundant global spare capacity, would not endure. Instead, we argued that advanced economies were moving toward a regime characterised by lower trend growth, higher inflation, and higher neutral interest rates, with clear implications for long-term portfolio construction.

A central investment conclusion from that work was that portfolios would benefit from a strategic allocation to real assets, particularly global listed infrastructure and global listed property, whose income streams and pricing characteristics are more closely linked to the real economy than traditional nominal assets.

Five-years later and looking ahead from early 2026, the key question is whether recent experience has challenged or confirmed that structural thesis. Our assessment is that the evidence to date has reinforced rather than weakened the original framework. While cyclical disinflation has occurred and economic activity has proved resilient, the underlying structural forces shaping growth, inflation dynamics, and the cost of capital appear materially different from those that prevailed through the 2010s. For long-horizon investors, that regime shift matters far more than short-term fluctuations in the economic cycle.

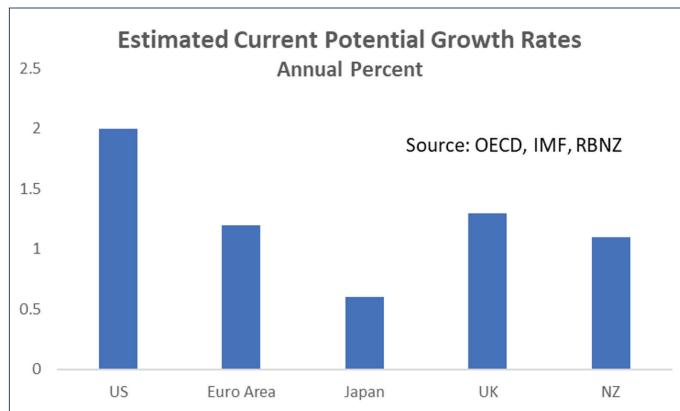
Lower growth: resilience should not be confused with potential

One of the risks in interpreting recent economic outcomes is confusing cyclical resilience with a structural improvement in potential growth. Developed-market economies have, to their credit, avoided the deep and prolonged downturns many expected following the inflation shock and rapid monetary tightening of 2022–23. Yet this resilience has not been matched by a broad-based lift in long-term growth capacity.

The structural headwinds identified in our earlier work remain firmly in place. Demographic ageing continues to weigh on labour-force expansion across most advanced economies. Productivity improvements, while evident in specific sectors and technologies, remain uneven and slow to diffuse across the broader economy. At the same time, the efficiency gains delivered by globalisation over previous decades have given way to a more fragmented and friction-prone international environment characterised by supply-chain redundancy, geopolitical tension, and rising trade barriers.

Productivity dynamics reinforce this caution. While rapid advances in artificial intelligence and digital technologies have fuelled optimism about a renewed surge in productivity growth, history suggests that the translation from technological innovation to economy-wide productivity gains is typically slow, uneven, and uncertain. The United States again appears better

positioned to benefit, given its deeper capital markets, stronger innovation ecosystem, and greater capacity to scale new technologies. Even so, much of the current enthusiasm for AI remains prospective rather than realised, and meaningful productivity acceleration at the aggregate level has yet to be clearly demonstrated. Until such gains are both broad-based and sustained, it is prudent to view AI as a potential upside to trend growth rather than a central assumption, leaving the broader developed-market outlook still characterised by structurally constrained productivity and therefore lower trend expansion.

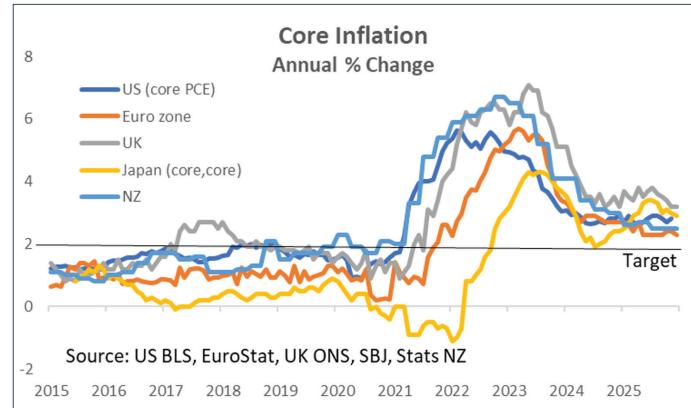


For investors, the implication is clear: the global economy remains defined by tighter structural constraints and lower aggregate trend growth, even if regional divergence persists. In such an environment, periods of cyclical strength are more likely to encounter capacity limits than prolonged spare capacity.

Higher inflation: disinflation has occurred, but the regime has shifted

Perhaps the most important macroeconomic development of the post-pandemic period has been the re-emergence of inflation as a persistent policy concern. While headline inflation has fallen materially from its peak across most developed economies, this disinflation should not be mistaken for a simple return to the chronically weak price dynamics of the 2010s. Instead, recent experience suggests inflation is now more sensitive to supply constraints, labour-market tightness, and geopolitical disruption than previously assumed.

This shift is not uniform across regions. The United States again appears somewhat distinct, with firmer productivity outcomes, even as labour supply conditions are challenged by the change in immigration settings, helping to moderate wage-driven inflation pressures. Even so, recent volatility in US inflation demonstrates how quickly price pressures can re-emerge when demand runs ahead of constrained supply. In Europe and several other advanced economies, where demographic drag is more acute and productivity momentum weaker, the balance of medium-term inflation risks appears more clearly skewed to the upside.



Structurally, the key change is not that inflation will remain permanently elevated, but that the distribution of outcomes has shifted upward and become less stable. Periods of below-target inflation are likely to be shorter and less frequent, while upside surprises become more probable when economies operate near capacity or encounter supply disruptions. For long-term investors, this altered inflation regime is far more consequential than the precise timing of cyclical disinflation, because it challenges the reliability of nominal return streams and increases the value of assets with embedded inflation resilience.

Higher neutral interest rates: the price of capital has structurally repriced

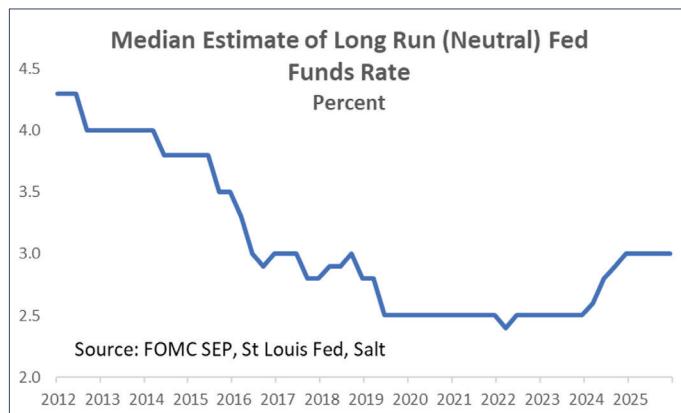
Closely linked to the evolution of inflation is the renewed focus on the neutral rate of interest — the level of policy rates consistent with stable inflation and economies operating near potential. Although neutral rates are inherently uncertain and cannot be observed directly, recent experience suggests the forces that suppressed them through the 2010s have at least partially reversed.

The pre-pandemic period was characterised by excess global savings, weak investment demand, subdued productivity growth, and persistent disinflationary pressure. Together, these conditions compressed real interest rates and allowed central banks to operate close to the effective lower bound for extended periods. That constellation of forces now looks materially different.

In its place is a world defined by structurally higher investment requirements, including decarbonisation, digital and artificial-intelligence infrastructure, supply-chain resilience, and rising defence expenditure. Even if the ultimate productivity payoff from artificial intelligence remains uncertain, the scale of capital required to build the enabling infrastructure is already contributing to stronger underlying demand for investment and, by extension, a higher equilibrium price of capital.

The United States again provides a useful reference point, with stronger productivity performance and deeper capital markets supporting higher equilibrium real rates than in many peer economies. Even so, policy settings and

market pricing across the developed world now appear anchored at interest-rate levels meaningfully above those prevailing during the decade after the Global Financial Crisis. Neutral may remain uncertain, but it is clearly no longer synonymous with near-zero.



For portfolios, this repricing of capital has two important implications. The traditional defensive role of long-duration nominal bonds becomes less reliable in a world of higher inflation sensitivity and elevated public debt. At the same time, assets capable of generating sustainable real income growth become structurally more valuable within diversified portfolios.

Portfolio implications: why real assets remain central

Against this structural backdrop, the investment conclusions of our earlier work appear, if anything, more compelling today.

Real assets such as global listed infrastructure and global listed property derive their value from essential services, long-lived physical assets, and income streams linked — explicitly or implicitly — to inflation and real economic activity. In an environment where inflation outcomes are more variable and the cost of capital structurally higher, these characteristics become increasingly important.

Their relevance is not tactical but strategic. Real assets offer the potential for growing real income, partial insulation from inflation surprises, and exposure to long-duration investment themes such as energy transition, digital connectivity, and urban development. At the same time, disciplined implementation remains critical.

Balance-sheet strength, genuine inflation linkage, and valuation discipline matter more in a higher-rate world, reinforcing the importance of selective and active investment.

At times when technology investment themes are complex, rendering individual investment choices fraught with regulatory and financial risk, listed real assets can offer a more predictable exposure to key aspects of the information technology, communications and energy triad. Indeed, in volatile periods of asset re-pricing, listed real assets are capable of preserving value within a well-diversified portfolio, when held at meaningful allocation levels.

The bottom line: the thesis is ageing well

From the vantage point of early 2026, the defining features of the emerging macroeconomic regime — lower trend growth, greater inflation sensitivity, and higher neutral interest rates — are increasingly visible across developed markets. These forces appear structural rather than cyclical and therefore demand a structural portfolio response.

In that context, the case for a strategic allocation to global listed infrastructure and global listed property remains strong. Not as a short-term hedge against the latest inflation data, but as a deliberate positioning for a world in which real income, pricing power, and essential assets play a more central role in long-term investment outcomes.

The original thesis has not only endured, but it is also being reinforced by events.

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